SAN JOSE’S JOURNEY TO FISCAL SUSTAINABILITY:
RECENT PAST, NEXT YEAR, MOVING FORWARD
RECENT PAST  TODAY  MOVING FORWARD
RECORD BUDGET DEFICITS
(CUT $700 MILLION FROM GENERAL FUND BUDGET)
PRESCRIPTION

- CUT COSTS
- REDUCE SERVICES
- ADD REVENUE

TO RESTORE CRITICAL SERVICES
SIX YEARS OF COST-CUTTING AND SERVICE ELIMINATIONS
Smart LED Streetlights: Up to 60% Savings
LOWER-COST STAFFING MODELS
REPORT ISSUES THROUGH “SAN JOSE CLEAN” APP
VOLUNTEERS
10% COMPENSATION CUT FOR CITY EMPLOYEES
CONTROL RISING RETIREMENT COSTS

- Lower-cost “Tier 2” Retirement Plan for all staff except Fire
- Changed the lowest-cost health care plan
- Eliminated the “13th Paycheck” (Supplemental Retiree Benefit Reserve)
REDUCED POSITIONS BY 23%

-1,584
LIBRARY CLOSED TODAY

REduced Library Days and Hours

(from 6 years ago)

1 2 3 4 5 6

Hours per week 47 to 34
PRNS
STAFF SERVICES
DOWN
44%
WE STOPPED MAINTAINING OUR NEIGHBORHOOD STREETS
POLICE AND FIRE LAYOFFS
PRESRIPTION

CUT COSTS

REDUCE SERVICES

ADD REVENUE

TO RESTORE CRITICAL SERVICES
OVERALL QUALITY
SAN JOSE STREETS

RATED

"GOOD"
10 YEARS AGO

"FAIR"
TODAY

WORST IN COUNTY
NEIGHBORHOOD STREETS QUALITY

RATED “POOR”

10 YEARS AGO

6%
NEIGHBORHOOD STREETS QUALITY

RATED “POOR”

10 YEARS AGO
6%

TODAY
25%
NEIGHBORHOOD STREETS QUALITY

10 YEARS AGO
6%

TODAY
25%

BY 2020
50%

RATED “POOR”
ARRESTS DOWN 49%
PROPERTY CRIMES ROSE ABOVE NATIONAL AND STATE AVERAGE

PER 100,000 RESIDENTS
SINCE 2003, SJPD BUDGET UP 43%, FUNDED POSITIONS DOWN 16%

Sources: CSJ Adopted Operating Budgets, FY 03-04 through FY 12-13; FY 13-14 Modifies Operating Budget

SJPD BUDGET

$311 MILLION

+ 43%
from FY 2003-04

$218 MILLION

SJPD STAFFING

1862 FTEs

- 16%
from FY 2003-04

1568 FTEs

Sources: CSJ Adopted Operating Budgets, FY 03-04 through FY 12-13; FY 13-14 Modifies Operating Budget
DESPITE ACTIONS, CITY CONTINUES TO STRUGGLE FINANCIALLY TODAY
BUDGET HAS STABILIZED, BUT NO GROWTH TO RESTORE SERVICES NEXT 5 YEARS

Source: 2015-2019 Five-Year Forecast and Revenue Projections for the GF and Capital Improvement Program
UNDERLYING PROBLEM:
CAN’T SOLVE QUICKLY
OTHER CITIES...

VERY HIGH HOME VALUES

LESS HOUSING
STRONG ECONOMIC BASE
SAN JOSE...

LOTS OF LOW DENSITY HOUSING...

RELATIVELY WEAK ECONOMIC BASE
SAN JOSE IS UNIQUELY

“JOBS-POOR”

RELATIVE TO OUR
RESIDENT BASE
Residents, there are only 100 for every 86 jobs.
THE ONLY Top 20 City Nationally

with more nighttime residents than daytime workers
LOW SALES TAX PER CAPITA

- Palo Alto: $366
- Cupertino: $359
- Mountain View: $181
- Santa Clara: $314
- Sunnyvale: $183
- Fremont: $165
- San Jose: $137
LOW PROPERTY TAX PER CAPITA

Palo Alto: $376
Cupertino: $245
Fremont: $184
Mountain View: $227
Sunnyvale: $165
Santa Clara: $210
San Jose: $123
RETIREMENT COSTS ROSE 
FOUR FOLD IN 10 YEARS

Sources: Retirement Systems Comprehensive Annual Financial Reports (FY 03-04 through FY 12-13); CSJ FY 14-15 Forecast

$72 Million
$935 Million Cumulative Increase
$272 Million
$308 Million (Projected)

$0 M
$50 M
$100 M
$150 M
$200 M
$250 M
$300 M

FY 03-04
FY 05-06
FY 07-08
FY 09-10
FY 11-12
FY 13-14
FY 14-15

$200 Million Annual Increase
REDEVELOPMENT DEBT WILL TAKE 20+ YEARS TO PAY OFF

City General Fund
Enforceable Obligations
IT’S NOT ALL BAD NEWS

WE HAVE STRATEGIES IN PLACE
HEADQUARTERS AND START UPS
MANUFACTURING
HIGHER-DENSITY HOUSING
Building a City of Great Places
FY 2014-2015
PROPOSED BUDGET
I. KEEPING
OUR COMMUNITY
SAFE
2. INVESTING IN OUR FUTURE
3. WORKING MORE EFFICIENTLY
TO RESTORE SERVICES, WOULD NEED NEW REVENUE
PRESCRIPTION

- CUT COSTS
- REDUCE SERVICES
- ADD REVENUE

TO RESTORE CRITICAL SERVICES
CONTINUATION OF THE LIBRARY PARCEL TAX

$30 = $8 MILLION

PER HOUSEHOLD
PER YEAR
$8 MILLION

REPRESENTS:

22% TOTAL LIBRARY BUDGET

40% LIBRARY COLLECTION (BOOKS & MEDIA)

72% TECHNOLOGY USED BY PUBLIC (COMPUTER INFRASTRUCTURE)
A \( \frac{1}{2} \) CENT CITY SALES TAX FOR SERVICES

= $68 MILLION
$10 = 5 cents

$100 = 50 cents

$1,000 = $5
SALES TAX “SPENDING PRIORITIES PLAN”
February, 2014 Poll

52-55%

RESIDENT SUPPORT FOR ½ cent - ¼ cent SALES TAX TO RESTORE PRIORITY SERVICES, LIMITED TO 9 YEARS
125 California cities have local add-on sales tax. 86% are 1/2 cent or more.
SHARE YOUR INPUT

- How should you and the community be part of solutions?
- How important is restoring some services that have been cut? Which services do you think are most critical to restore?
- What is your best advice on the budget?
NEXT STEPS

May 7-15  City Council Study Sessions on Proposed Budgets
May 13 / June 9  Public Hearings on Proposed Budgets and Fees/Charges
May 30  Mayor’s June Budget Message Released
June 10  City Council Review and Approval of Mayor’s June Budget Message
June 17  Adoption of the Capital and Operating Budgets, Fees/Charges, 2015-2019
Capital Improvement Program

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